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up 60-855

19 August 1959

MEMORANDUM FOR : Comptroller
FROM : Finance Division
SUBJECT : Analysis of Cash with Funding Activities

1. In answer to your request, there is attached an analysis of amounts held in banks in the name of funding activities for the period 1 July 1958 thru 30 June 1959. Five accounts closed during the period are omitted from the analysis inasmuch as the balances were so small as to be insignificant in relation to balances maintained for the other accounts.

2. The mechanics of recording the amounts funded to these bank accounts result in most instances in reflecting the cash as having been received in the banks a few days prior to actual receipt. The result is the balances are overstated to that extent. On the other hand, withdrawals affect the balance in a contrary manner and the overstated balances are offset to a degree by understated balances. These mechanics are, in the case of funding the bank accounts, to purchase a check and forward it for deposit to the cover activity, however, the transaction is recorded as of the day we purchased the check whereas it may be more than a week before the money is actually in the bank. On the other hand, in the case of withdrawals, the authorization to withdraw funds is recorded as of the day we receive it and it is a few days afterwards before the authorization reaches the cover activity and they write a check on the bank account.


Deputy Chief, Monetary Branch

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Attachment

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